

# Editorial: For economy, a bad ending

## 2007 figures are not good

Friday, February 1, 2008

The year-end economic figures are out and they're not good. Indeed, they seem to say recession.

The Commerce Department says the U.S. economy grew only 0.6 percent in the fourth quarter of last year, meaning it was close to dead in the water and entering 2008 with no growth momentum. Consumer and business spending and export sales all slowed dramatically at the end of the year.

The standard definition of a recession is two consecutive quarters in which the economy shrinks, and that now seems more likely than not. Both the fourth-quarter numbers and the overall growth rate of an anemic 2.2 percent were the lowest since 2002, when the economy was coming out of the last recession.

The culprits are the credit crunch, the collapse of the housing market and high energy prices. The one figure, unfortunately, that was up in the fourth quarter was inflation, driven up by food and energy costs. Even discounting for food and energy, the so-called "core rate," inflation was still 2.7 percent, which isn't going to make the Federal Reserve happy.

The White House stoutly insists we're not in for a recession, only slow growth, and the antidote, it says, is to quickly pass the stimulus bill and the three pending trade treaties and, of course, to make the tax cuts permanent. These are pretty puny weapons to affect the cycles of an economy that demands more than \$13 trillion.

However, if devout hoping is any antidote, the Bush administration will try to hope us out of economic difficulty, not wanting to go down as having begun and ended this presidency with a recession.